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UNITED ARTISTS CORPORATION

PRESIDENT'S REPORT - JANUARY 4, 1951

NOTE

Loss Figures in Red, Followed by Dash —

UNITED ARTISTS CORPORATION

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On July 11th, 1950, a special stockholders' meeting was held at 9:00 P.M. at 1143 Summit Drive, Beverly Hills, California, at which meeting the stockholders were present:

Mary Pickford	representing	The Pickford Corporation
Charles Chaplin	representing	himself.

At that meeting a new Board of Directors was elected as follows:

C. B. Gooding	Frank L. McNamee	Clinton La Tourette
Lois A. Watt	Paul V. McNutt	Elizabeth Lewis
Max M. Kravets	John O'Melveny	Isabelle Mann

Also at that meeting Paul V. McNutt was named Chairman of the Board of Directors, Frank L. McNamee, President, and Max M. Kravets, Secretary of the United Artists Corporation.

An Executive Committee was constituted comprised of Messrs. McNutt, McNamee and Kravets, to act for the Board of Directors between Board Meetings on matters which require the attention of the Board.

Mr. McNutt and Mr. McNamee met in New York at the Home Office of United Artists Corporation, 729 Seventh Avenue, on Friday, July 14th; called on Mr. Sears, who at that time was in the hospital; and also spent considerable time with Mr. Paul Lazarus, Jr., and other executives of United Artists Corporation.

On Monday, July 17th, the new management officially took over. Mr. Russell Rankin, auditing firm, was immediately employed to make a complete survey of the assets of United Artists Corporation. That audit has since been furnished the stockholders. This report showed an operating deficit of $268,454.20 as of July 1st, 1950.

No working capital has been put into the company since the date of that report; therefore it is obvious that the deficit of working capital has continued to increase. The amount of working capital now needed is discussed later in this report.

PROFIT and LOSS REPORT

During the first seven months ending July 29th, 1950, the United Artists Corporation lost $454,000. This is at the rate of $65,000 per month. See report attached.

Under the new management in the next four months ending December 2nd, 1950, the company lost a total of $60,000. This is at the rate of $15,000 a month loss, as contrasted with $65,000 per month loss for the previous months of the year.

The total loss at the end of eleven months ending December 2nd, 1950, was $514,000, as per report attached.

Many factors contributed to this substantial curtailment of loss. The Executive Committee of the Board of Directors approved the following actions:

Arthur W. Kelly, formerly in charge of the Foreign Department, was advised during the week of July 22nd that his contract with the company, which was to expire on August 3rd, 1950, would not be renewed. This effected a weekly saving of $1,250 salary plus expenses.

Since Mr. Paul Lazarus, Sr., had not been actively employed by the company since some time in 1949, the weekly payment of $250 to him was terminated as of August 3rd.

The services of Mr. Selmer L. Chalif, United Artists representative in California, were terminated the week ending July 22nd. This effected a saving of $500 a week plus expenses.

The services of Mr. Harry D. Buckley were terminated effective August 11th. This saved $600 a week salary.

Mr. Robert Goldfarb resigned as of August 12th. This saved $175 a week salary.

The legal services of Mr. Charles Schwartz were terminated as of August 5th, which saved the company $144.23 a week.

The services of Capt. Harold Auten of the Road Show Department which had been inactive for a long time, were terminated August 26th, which saved the company $300 a week. Also the services of his secretary at $60 a week were terminated at the same time.

The services of Howard Cohn of the Road Show Department were terminated also at the same time, saving the company $100 a week.

The services of Harry Schroeder in the Foreign Department were terminated the week ending July 29th, which further saved the company $225 a week.

The services of Thomas Mulrooney in the Foreign Department were terminated as of July 29th, which saved $350 a week.

In the week ending August 12th, Paul Lazarus, Jr., resigned. His salary was $750 a week.

Late in October Mark Silver, formerly District Manager of Washington, Pittsburgh and Philadelphia, was discharged for cause and not replaced. This effected a saving of $305 a week plus expenses.

Mr. Howard Le Sieur resigned as of December 23rd. His salary was $325 a week.

Mr. F. Minikus also resigned as of December 30th His salary was $200 a week.

Sara Otto on the Coast resigned as of January 3rd, 1951. Her salary was $50 a week.

The following executives were added to the payroll:

Frank L. McNamee	President	$1,000 a week
C. J. Scollard	Exec. Vice Pres.	750 "
Max M. Kravets	Secretary	650 "
Douglas Ornstein	Asst. to A. Lowe Foreign Dept.	200 "

The total of the weekly salaries saved was $5,584.23. The salaries of the new employees amount to $2,600 or a net saving of $2,984.23

On July 14th Messrs. McNutt and McNamee, acting for the Executive Board, decided that since Mr. Sears had not been able to attend to business from June 1st, 1950, due to illness, and also since he had been paid his salary and expenses of $2,500 a week for the six weeks' absence up to that time, that no further salary nor expense payments should be made to him until he was again able to resume his duties. During his many protracted absences in the past due to illness, Mr. Sears had previously been in position of authority to order payments of his weekly salary and expenses however long or often those illnesses occurred. Mr. Sears has filed an action in Federal Court for the recovery of $17,500 which he claims as salary and expenses for the seven weeks continued illness between July 15th and September 2nd. This case is still pending.

Since the Board of Directors have the power to establish or change company policy concerning sick leave of employees, the management decided, on advice of the Executive Committee, that there was no legal obligation to pay Mr. Sears during his continued absence.

The management was advised that Mr. Sears owes United Artists approximately $6,000 which is an accumulation of many items of personal expense charged by him to the company over a period of years. Mr. Sears indicated that he would be satisfied to offset this $6,000 he owes the company if the company would pay him the $17,500 he claims as salary and expenses while he was absent.

OTHER SAVINGS

In addition to the cost curtailments listed above we have sub-let some space in the Home Office which produces an income of approximately $7,800 a year.

FILM DISTRIBUTION - National Film Service, previous to the time we came in to United Artists, had made a proposition to former management which had not been consummated. The present management, after some additional negotiations and getting assurance that a substantial saving to United Artists could be effected, made a two year deal with National Film Service to handle the distribution of film at a guaranteed 5% saving, which will result in United Artists saving better than $26,000 per year on its present business. This went into effect on August 21st, 1950.

This arrangement also affords United Artists four additional shipping points - Portland, Ore., Des Moines, Iowa; Oklahoma City, Okla.; and Albany, N.Y. Previously the exhibitors in Oklahoma City, for instance, had to get their U. A. pictures from either Kansas City or Dallas, subjecting them to higher transportation costs than they had to pay for Metro, Paramount and other pictures, which companies had distribution centers in Oklahoma City, and which gave this company an extra obstacle in selling United Artists product in the four exchange centers mentioned above. We now have shipping points in all locations covered by all other major companies.

EDWARD J. PESKAY - We discovered that Mr. Peskay was drawing $1,000 a week advance and upon inquiry received the following memorandum from H. J. Muller on August 31st, 1950:

"At the Directors' Meeting of January 10, 1950, Mr. Sears stated that Mr. Peskay requested a loan of $20,000 against his compensation as producer's representative. The matter was tabled.

"On January 25, 1950, an authorization to pay Peskay was put through by Howard Le Sieur as an advertising expense in the amount of $1,000 covering CHAMPAGNE FOR CAESAR $500, and D.O.A. $500 for week ending January 27th.

"Knowing the disposition by the Board, I questioned Howard Le Sieur who stated that this was something worked out with Mr. Sears and Mr. Lazarus, Jr., concerning this matter and he told me that payments were authorized by Mr. Sears. I asked if the bank to whom the producer's share was assigned had approved and he stated that, since the bank has the guaranty of Harry Popkin, it will not be hurt through these payments. I asked if we had any confirmation of the arrangement from Harry Popkin and he stated that they had a telegram from him concerning this matter. Payments continued on these two pictures up to and including week ending August 5th, after which they were stopped at the request of Mr. Scollard. Mr. Peskay, therefore, received $14,000 on each of these pictures."

(This $28,000 has since been recovered by withholding this amount from the producer's share of these pictures.)

"Payments of $500 each were made on ELLEN for weeks ending May 5th and 12th. They were discontinued at the request of Mr. Kelly when the matter was called to his attention at the time that Mr. Sears reported to the Board Meeting the fact that Mr. Popkin wanted to sell ELLEN."

This $1,000 is still owing but will be deducted from the producer's share of ELLEN, now called THE SECOND WOMAN.

LABOR RELATIONS

BRANCH OFFICE EMPLOYEES' UNION - After a great many sessions with the union representatives, it finally became necessary in order to avert a strike to pay $39,000 retroactive pay from December 1st, 1948 to July 1st, 1949, which had been owing for more than a year. This payment was made the week ending September 15th. It was due on July 1st, 1949. Mr. Sears had signed an agreement with the Union that it would be paid not later than June 1st, 1950.

All other companies have since agreed on a new contract with the Union to grant a $4. a week increase to all Branch employees effective December 1st, 1950. This company has not as yet made any agreement in that respect.

SALESMEN'S UNION - The rest of the industry granted an increase to the salesmen of $10 a week in October, 1949. No determination of this matter has been made by this company as yet.

HOME OFFICE EMPLOYEE'S UNION - The other companies granted this Union an average of $3. a week per person in January 1950. This company signed an agreement that any increase that was arrived at would be retroactive to January, 1950, but no contract has yet been worked out.

FOREIGN DEPARTMENT

Because of the many complaints we had been receiving from the producers' representatives concerning our foreign operations, a meeting was called on August 1st, 1950, in Mr. McNamee's office. Present were Miss Pickford, Messrs. McNamee, Kravetz, George Schaefer, Harry Kosiner, Seymour Poe, Al Lowe, George Ornstein and Douglas Ornstein. At this meeting -

Harry Kosiner - stated that the manpower in some spots in Europe in his opinion was very good. South Africa had always been satisfactory. In England he found merchandising very weak. He recommended to his principals that they have their own representative there. In France his pictures have always done well because of the fact that they have their own representative there. In Germany the United Artists situation was extremely bad. Supervision badly needed in Latin America. Always received evasive treatment from Arthur Kelly on all problems.

Seymour Poe - stated every company got into Germany except United Artists. All other companies are making plans to go into Japan directly. He had heard that United Artists will go into business with a licensee there. Stated Motion Picture Export Association was a very bad deal for independent producers. Claimed lack of a clearing house in United Artists home office for independent producers in the foreign field. Summary of contracts should be given monthly to all producers. Cited instance when a certain matter was brought to attention of A. W. Kelly and no action was taken. Same matter brought to R.K.O. and he received action in 48 hours.

George Schaefer - claimed there has always been a vagueness and lack of frankness on the part of officials of the U. A. foreign department, not only in New York, but all over the world. Producers never got money from foreign distribution in proportion to that they received from domestic distribution in U. A. He cited case of Enterprise Productions which released dome
Artists, but took
producers suffere
tories, as agenci
selective deals whereby they
strongly recommended U. A. have one person in New York to clear
He recommended a tie-in of the domestic advertising department with the foreign advertising department so that they could work more closely together.

Both Mr. Kosiner and Mr. Schaefer strongly recommended a Central European Manager. Also, they both agreed that the U. A. manpower in England was weak and could be improved.

Mr. Edward Peskay was invited to attend this meeting but his office was unable to locate him.

As a result of this meeting we moved George Ornstein from Rome, Italy, to Paris, and put him in charge of all Continental Europe, excluding Great Britain and the Middle East. As a result of this meeting, we merged the Foreign Advertising

Department with the Domestic Advertising Department Previously, the Foreign Advertising Department reported directly to Mr. Kelly and the domestic Advertising Department reported to Mr. Lazarus.

The other items of this report were given to Mr. Lowe for detailed attention and he reports progress. See Mr. Lowe's report on foreign business attached.

SALES STIMULATION

Ever since the new management took over and learned the condition of the company, it has continually impressed on the entire organization the necessity of bending every effort to keep up the weekly income of the company, both domestic and foreign. In August we selected a group of pictures on which we thought there was a possibility of extra income and asked the sales force to particularly concentrate on sales and liquidation of those pictures.

The Branch Managers are aware of the cash position of the company and each week are extending themselves to get every possible booking in order to keep up their collections as they feel in effect they are constantly running a payroll drive.

Recently one of our Division Managers worked out a deal with a patent medicine company whereby they would run shows for the children on Saturday mornings using our Hop-Along-Cassidy subjects. This promotion resulted in a gross income to this company of approximately $55,000. This is mentioned in passing to show the thinking of the organization as to the necessity of getting extra revenue.

Another drive is about to start on the George Nasser pictures giving a bonus to the branches [redacted] business written and played, and since we have just now gotten the necessary authority from the assignees involved this will be put into effect at once. It is expected that this effort will get good results.

TELEVISION DEPARTMENT

The Television Department, which started sometime in 1948, had lost approximately $30,000 up to January 1st, 1950. The department continued to lose money until about October, 1950. It has since begun to make money and during the five weeks ending December 2nd, 1950, it showed a $4,000 profit. The loss for 48 weeks of 1950, ending December 2nd, amounted to approximately $8,500. The final loss at the end of 1950 should be reduced to $2,000 or $3,000. The gross business is currently running at the rate of $350,000 a year, which is more than double the average for 1950. This operation is now on a paying basis, and the company has had several offers for the purchase of this department.

See Television report attached.

MISCELLANEOUS ASSETS

BEVERLY HILLS - We made an effort to write a new ten year lease with the William Morris Agency on the Beverly Hills property but they finally decided against this. During that period we had a firm offer from a real estate dealer in Los Angeles for $150,000 for this property which was submitted to Miss Pickford, who advised against the deal.

"THIS SIDE OF INNOCENCE" - Mr. Leo Gottlieb, attorney for Armand Deutsch, was given a letter of agreement on November 30th which gave Mr. Deutsch three weeks within which to pay to United Artists Corporation $50,000 for releasing its distribution rights to this proposed picture. We have since heard from him that they were unable to complete the negotiations.

United Artists sometime ago advanced $25,000 toward a story which John Ford was to make into a picture for release by U. A. This matter is to be pursued further.

Jacques Grinieff owes United Artists Corporation $51,000 plus, and legal action will be taken to collect this unless it is settled without further delay.

Our legal counsel, O'Brien, Driscoll, Raftery and Lawler, feel that Columbia Broadcasting System violated our copyrights on pictures we bought from Paramount in televising these pictures to the general public. They have been advised to take necessary legal action.

A demand is being made by our legal department upon Mr. Schwartz, attorney for Columbia Pictures, to examine the records of Edward Small's "VALENTINO" picture. United Artists may have the right to distribute this picture.

It is the opinion of management and our legal department that the so-called "road show" method of handling CYRANO DE BERGERAC is not in accordance with the contract and we have made a request to Mr. Zagon, legal representative of Stanley Kramer Productions, Inc., to arbitrate this question, and have made demand upon him for 27½% releasing fee.

The Odeon Cinema Holdings Company is entitled to a tax rebate of £207,000 of which United Artists is entitled to a 50% share provided a dividend is declared for the full amount. We have made demand upon Odeon Cinema Holdings for this.

DISPOSITION OF CASH REALIZED FROM VARIOUS TRANSACTIONS

As a result of an inquiry by Miss Pickford as to what happened to $2,000,000 of company assets, I secured from H. J. Muller on October 13th, 1950, the following report on the disposition of cash realized from the following transactions:

"Grinieff transaction	$ 800,000
Odeon stock sale	550,000
California Theatre sale	125,000
Schenck life insurance loan	420,000
	$ 1,895,000

"When money is deposited in a bank account it is merged with all sums currently in that bank account as well as with future deposits and it is impossible to show the exact disposition of any particular item of cash. Furthermore, cash is only one of the many items which go to make up the assets and liabilities and I feel that the attached statement showing a reduction of $2,821,047 in the net worth of the corporation from the end of 1946 to July 29, 1950, while it will not show what happened to the $1,895,000 of cash mentioned above, will show that the profits realized from these transactions were absorbed in the profits and losses of the years, as stated in the brief summary of the three transactions.

"Consolidated Net Worth as at December 28, 1946		
consisting of:- Capital Stock	$ 1,200,000.00	
Earned Surplus	2,650,922.35	$ 3,850,922.35
Deduct:		
Stock purchased from Vanguard Films, Inc. in 1947	$ 2,000,000.00	
Dividend declared and paid 1947	100,000.00	2,100,000.00
		$ 1,750,922.35
Add:		
Profit per P. W. report for 1947	$ 460,021.74	
" " " " " 1948	516,534.31 —	
" " " " " 1949	208,791.50 —	
" "Tentative " " 7 months 1950	455,743.76 —	721,047.83 —
Consolidated Net Worth as at July 29, 1950		
consisting of: Capital Stock	$ 800,000.00	
Earned Surplus	229,874.52	
		$ 1,029,874.52
Reduction in Consolidated Net Worth in 3 years, 7 months	$ 2,821,047.83	

GRINIEFF TRANSACTION

In February 1947 U. A. C. received from Jacques Grinieff as an advance payment against royalties for certain motion picture rights		$ 800,000.00
Of this sum there was applied:		
against unrecouped negative cost	$ 119,198.00	
as John Ford's participation in STAGECOACH	2,921.00	
as 3 participations in TO BE OR NOT TO BE	19,238.00	141,357.00
leaving as profit (before deducting income tax)		$ 658,643.00

If this profit were not realized in 1947, the results for that year would have been a loss.

ODEON STOCK SALE

In October and November 1947, our English subsidiary sold 82,922 Ordinary Shares of Odeon Theatres, Ltd.			
at the sales price of	£ 136,359.19.11		
The cost allocated against these shares was	5,405.18. 6		
leaving a profit of	£ 130,954. 1. 5	or	$ 522,043.69

If this profit were not realized in 1947, the results for that year would have been a loss.

CALIFORNIA THEATRE SALE

In August 1948, U. A. C. sold one-half of our 50% interest in theatres in Los Angeles and San Francisco for	$ 125,000.00	
The cost of this one-half of our 50% interest was on our books at	46,328.69	
leaving a profit of		$ 78,671.31
Profits of three transactions		$ 1,259,358.00"

If this profit were not realized in 1948, the loss for that year would have been greater.

It is obvious from the above that the rapid down-trend of this company started when the stock of this corporation was re-purchased from Vanguard Films by this company with $2,000,000 of the capital of this company. This purchase diminished the working capital of the company to a point where the banks became concerned about the company's future and the banks started to slow down on making product loans to producers for release through United Artists. This was further accentuated by the losses that occurred in the years 1948, 1949 and 1950.

MEETING WITH MISS PICKFORD

On December 19th the President and Mr. Scollard met with Miss Pickford to apprise her of the precarious position of the company's affairs as is indicated by the attached memorandum dated December 19th covering that discussion, and also as is further indicated by the attached letter dated December 21st, addressed to the Chairman of the Board.

WHAT MUST BE DONE

The solution to the problem is very simple. The company needs a minimum of $2,000,000 risk capital at once. If this is put in it will bring in for release six or eight pictures that are completed, and will induce the banks to lend first money on other pictures to be produced. This will enable management to make the moves necessary to insure a continuous flow of product into the company.

If the required working capital is supplied there is every reason to feel that, under competent management, United Artists can acquire sufficient quality production for release to enable this company to operate efficiently.

If the required working capital is not supplied this company, as presently constituted, has no future and its collapse is imminent and inevitable.

ESTIMATED WORLD-WIDE PROFIT AND LOSS
FOR THE 7 MONTHS ENDING JULY 29,1950
EXCEPT FAR EAST WHICH IS FOR 6 MONTHS AND
OTHER FOREIGN 7 MONTHS ENDING JULY 1, 1950

	U.S. & Canada	Great Britain	Other Foreign	Total Foreign	Total
Sales	$8,060,900	$ 937,400	$2,608,700	$	$11,607,000
Played and Earned	8,333,742	946,400	2,506,900		11,787,042
Corporation's Share of Played and Earned	2,233,153	247,800	876,600		3,357,553
Other Income	83,831	16,600	24,300		124,731
	2,316,984	264,400	900,900		3,482,284
Prints, Duties, Etc.	15,400	1,800	31,500		48,700
Operating and Other Expenses	2,687,442	227,200	813,142		3,727,784
	2,702,842	229,000	844,642		3,776,484
	385,858 —	35,400	56,258	91,658	294,200 —
N.Y.Foreign Dept. Expenses				159,800	159,800
Estimated Profit	$ 385,858 —			$ 68,142 —	$ 454,000 —

The above figures do not include the profit and loss of United Artists Productions, Inc.

This profit does not take into account franchise fees from Foreign but is after charging all of the New York Home Office expenses to domestic distribution.

No provision has been made for compensation of Gradwell L. Sears since July 15, 1950 or for compensation to the newly elected President and Secretary, or for any portion of the contingent payments provided in the Gradwell L. Sears contract.

ESTIMATED WORLD-WIDE PROFIT AND LOSS
FOR THE 11 MONTHS ENDING DECEMBER 2, 1950
EXCEPT FAR EAST WHICH IS FOR 12 MONTHS AND
OTHER FOREIGN 11 MONTHS ENDING OCTOBER 28,1950

	U.S. & Canada	Great Britain	Other Foreign	Total Foreign	Total
Sales	$12,313,300	$1,730,000	$4,090,000	$	$18,133,300
Played and Earned	13,121,747	1,741,400	3,866,700		18,729,847
Corporation's Share of Played and Earned	3,542,433	468,300	1,386,700		5,397,433
Other Income	146,947	61,700	39,500		248,147
	3,689,380	530,000	1,426,200		5,645,580
Prints, Duties, Etc.	16,200	3,200	41,800		61,200
Operating and Other Expenses	4,189,709	379,000	1,286,571		5,855,280
	4,205,909	382,200	1,328,371		5,916,480
	516,529 -	147,800	97,829	245,629	270,900 -
N.Y.Foreign Dept. Expenses				243,100	243,100
Estimated Profit	$ 516,529 -			$ 2,529	$ 514,000 -

The above figures do not include the profit and loss of United Artists Productions, Inc. to its date of dissolution, April 29, 1950.

This profit does not take into account franchise fees from Foreign but is after charging all of the New York Home Office expenses to domestic distribution.

No provision has been made for compensation of Gradwell L. Sears for the seven weeks ending September 2, 1950 or for any portion of the contingent payments provided in the Gradwell L. Sears contract.

REPORT TO THE PRESIDENT ON FOREIGN DEPARTMENT

FOR 1950

The figures in this report are taken from Cabled Reports and are unaudited and subject to minor adjustments.

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The Foreign Department has shown considerable improvement in 1950 as compared to 1949, especially during the last half of 1950. The loss at the end of 1949 was $271,000. As of December, 1950, there is a profit of $8,447.

It should be noted that the Played business, dollar-wise, is approximately the same as 1949 because of the 30% devaluation in the currency of most foreign countries, which means that we have overcome this devaluation in our overall business. For example, in England, the Played business in pounds, for 1949, was £641,000 as against £687,000 in 1950. This represents a 7% increase in pounds while the dollar figure shows a decrease of approximately 23%.

There has been a marked improvement in our operations throughout most of Europe. France has increased its business in 1950 by 40% over 1949; Belgium 52%; Sweden 56%. Italy, Portugal, Egypt and Israel, also, show substantial increases. This, we believe, can be attributed to the very close supervision on the part of our Continental Manager, Mr. George Ornstein, and the excellent cooperation given him by Mr. Rouvier and the managers throughout Europe.

Australia and New Zealand have shown an increase of 37% and 18%, respectively. The business in Hong Kong has increased by 287%; Straits Settlements 113%.

All the Latin American countries show an increase in business with the exceptions of Puerto Rico and Mexico, where we have had some difficulties which have recently been cleared up and on which we comment further in another part of this report. We expect this increase to continue in Latin America for at least the first six months of 1951.

Attached herewith are:

Schedule "A", which shows the Played Business, Corporation Share, Expenses, and Profit and Loss, by country;

Schedule "1A", which shows a break-down of New York Expenses;

Schedule "B", which shows the business by month for 1950;

Schedule "C", which lists the pictures shipped during 1949;

Schedule "D", which lists the pictures shipped during 1950.

We would call special attention to Schedule "1A", New York Expenses, which shows a reduction in the New York Expenses in practically all items, the total of which reduction amounts to $44,671.

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All pictures delivered to us, with the exception of one or two, have been shipped and, in most countries, in release; so that, within the next six months, our business will begin to drop rapidly.

We would mention here that it requires from three to four months after the delivery of the negative to us to prepare the foreign version of a picture for shipment and release in most foreign territories.

We give you herewith brief comments on the important countries throughout the foreign territory:

ENGLAND

Our Played and Earned in England, during 1949, amounted in dollars to $2,400,000. The figure for 1950 is $1,919,000. However, this dollar figure is misleading because in pounds the figures are, for 1949, £641,000 as against £687,000 for 1950. The dollar figures are reduced because of the devaluation of the pound. So that, actually, the Played and Earned figures have been increased by more than 7% during 1950. This is due to the fact that, during 1949, we were able to secure only two major circuit deals, namely, RED RIVER and CHAMPION.

In 1950, our Sales Manager, Mr. Monty Morton, was able to overcome the antagonistic attitude of Mr. John Davis of the Rank Organization and has secured this year four double programs, which is eight pictures through the major circuits. Our relations in England with the Rank Organization for the past few years have been somewhat strained, the reasons for which are not clear. Our present management seem to be on much better terms with this organization and are not only getting better results with Rank, but are increasing their bookings with the independents. The principal responsibility for this lies in the energetic efforts of our Sales Manager, Mr. Monty Morton.

The prospects for the future in England would seem to be bright because of the fact that there is a better understanding between the American and British interests. The Anglo-American Agreement, recently consummated, is a great improvement over the previous one. The British Government is more lenient in the use of blocked funds and we will be able to convert more pounds into dollars in the future than we have in the past.

Another factor which will help is the reduction in the quota of British pictures, which exhibitors are obliged to screen, from 40% to 30%.

Our total expenses for the year 1950 were reduced by £2,000 as compared to 1949.

FRANCE

We would like to refer especially to France as this office has, in our opinion, done a remarkable job during 1950. Played and Earned business, on a dollar basis, was increased by 77%, as compared to that of 1949. The franc figures will not show this percentage because of the different rates of exchange used. The Played business

.../

(FRANCE-continued)

for 1949 was Frs.162,000,000 as compared to Frs.228,000,000 for 1950, which means an increase of 40% over 1949 on the franc basis. This Branch is now operating in the black and at the end of November, shows a dollar profit of $10,000.

Our quota for 1950 was reduced to eight pictures instead of eleven because we imported three British pictures and it appears doubtful that we will be able to recover the loss of these three visas. However, the Motion Picture Association is exerting every effort on our behalf to recover them.

It is extremely difficult to operate our French office at a profit for the reason that the number of pictures we're allowed to import are limited. It is necessary to gross in francs over Frs.200,000,000 to break even. The grosses on pictures in France fluctuate from Frs.6,000,000 to Frs.52,000,000, which a picture like VARDOUX grossed. So that, it is absolutely essential that the pictures selected for France should be only quality pictures as it is quite possible that an inferior picture will not recover the cost of dubbing which we advance and which we write off in dollars here to the producer.

The success of the French business this year is due, of course, to four outstanding grossers, which we were fortunate enough to have. They are: ATLANTIS, AFRICA SCREAMS, BLACK MAGIC and CITY LIGHTS. And, also, the outstanding job done by Mr. Rouvier, in cooperation with the Continental Manager, Mr. Ornstein. Due to the Herculean effort on the part of Mr. Rouvier and his staff, they have managed to break an all-time record for the month of November, when their gross exceeded Frs.40,000,000.

There is every reason to believe the economic condition of France will improve in the near future and there is a possibility that we will be able to remit more dollars and import more pictures during the coming year.

BELGIUM

Our Manager, Mr. Soulat, in Belgium, deserves an 'Oscar' for the very excellent job he has done in his territory during 1950. At the end of 1949, he had a loss of $17,000, which he has converted into a profit of $18,000 this year. This represents an increase of 52% in his business over last year.

SWITZERLAND

In Switzerland, our losses have increased from $6,000 to $16,000 and the Played business dropped by 47%. This is mainly due to the terrific competition in Switzerland which is divided into four different language sections. All pictures dubbed in France are released here but are successful principally in Geneva and Lausanne. Only 18 pictures a year are imported by each company and because of the different kinds of people, their tastes are widely different. Zurich and Basel are mostly made up of the Swiss- and German-speaking peoples. The section bordering Italy speak Italian. The pictures shipped to Switzerland, other than the French dubbed, are superimposed in the Swiss and German language.

Consideration is now being given to the possibility of acquiring some Italian and German pictures and, also, to the question of superimposing some of our own pictures in the Italian and German languages.

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(SWITZERLAND-continued)

The business in this country is strictly under the control of the Bund. Censorship is, also, very rigid.

Our losses here are primarily due to the fact that our pictures, generally, have not been suitable for this territory and, as compared to the other major companies, we have a smaller selection of pictures and no Technicolor, which is extremely popular here.

SWEDEN

This office has reduced its losses from Kr.60,000 in 1949 to Kr.46,000 in 1950. The Played and Earned business here has increased 56% and has been gradually increasing during the past four months. We anticipate this increase to continue and that this branch will soon show a profit. This territory suffers from the terrific production of a large number of Swedish pictures being made and exhibited here at the present time.

GERMANY and AUSTRIA

We have recently established a licensee agency in Germany, which organization is now complete and beginning to function. We cannot give any estimate of the business we can expect in Germany at this time because we have no previous record to guide us. However, we expect this territory to be of considerable help to us in our operations in 1951.

ITALY

Since the war, we have operated in this country through a licensee agent called, Artisti Associati. At first, this setup was satisfactory but, during the past two years, the increase in Italian productions and the high cost of operating has made it difficult for this company to operate successfully. Also, due to the fact that imports have been limited, our producers have preferred to sell their pictures outright for dollars. So that, they compete against our organization. This company has deteriorated to such an extent, we are now showing a loss of, approximately, $3,700 inspite of the fact that Italy is the largest grossing territory in all of Europe and should produce the best business. Because of the scarcity of office space, the high cost of shipping and operating in Italy, it is not expedient for us to open our own office.

Plans are now being considered for presentation to the Board to acquire a 50% interest in one of two groups of distributors now operating there. These are termed the Rassoli and Caramelli groups, the latter of which is our present distributor. Early this year, we will submit these plans for consideration and expect that we will be able to get our share of business out of this territory. The tie-up with An Italian company is suggested for the reason that we will be able to distribute not only our own pictures, but a number of Italian pictures, also, which do terrific business and which are improving every day.

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(ITALY continued)

At the present moment, we have no contractual obligations whatever in Italy. The last contract with Carmelli has expired and it will be necessary to make a new agreement as quickly as possible.

MIDDLE EAST

We have no branches in the Middle East. We have licensee agents in Egypt, Israel and Syria-Lebanon; outright sales throughout the rest of the Middle East. There is nothing of importance to be mentioned with reference to this territory at the present time.

INDIA, BURMA, CEYLON

In February, 1949, a deal was made with Western India Theatres for a licensee agency distribution in India. This outfit has not been very successful and we are not getting the business we should get out of this excellent territory through them. Consideration must be given to making a change in this territory in the very near future, either to secure another distributor or, should conditions so warrant, to open our own office again.

HONGKONG

This branch has, also, shown a remarkable increase in business this year, having jumped from $7,000 profit at the end of 1949 to $19,000 at the end of 1950.

SHANGHAI

Since the Communists entered Shanghai, we have been able to get very few details of what has happened to our property and prints in Communist China. For many months, we could get no information whatever but, recently, our man, Mr. Roche, who is an Englishman, has managed to get us some information. He advises that the People's Government have prohibited further showing of any American pictures. The employees are demanding bonuses and months of back pay and they have depleted all the accumulated funds we had in the bank there for salaries and operating expenses, which was more than the income.

Of course, we stopped shipping prints there over a year ago. We have instructed Mr. Roche, through Hong Kong, to destroy all prints in his possession and sell all equipment, using this to liquidate any debts or demands against us by the union.

JAPAN

We have been operating in Japan through the Motion Picture Export Association. However, we were able to give them very few pictures because our producers would not agree to turn their pictures over to them, with the result that our income from

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(JAPAN-continued)

Japan has been very small through this source. The agreement with the Association expires in June, 1951. We have secured import licenses for a number of pictures from the Government and are planning to set up our own office there as soon as the Export company agreement expires.

AUSTRALASIA

In Australia and New Zealand, we are having similar difficulties as those in England. This is another territory which is controlled by circuits. In Australia, the major part of the better theatres are controlled by Hoyts and Herman Ridge, who is in association with Rank. The latter circuit uses mostly British pictures and Metro-Goldwyn-Mayer. Hoyts is controlled 75% by 20th Century-Fox and absorbs all the rest of the American companies' product. Because of this position, they dictate terms, play dates and most other conditions under which the American companies operate.

Admission prices are controlled by the government and have not increased since the war. Under the sliding-scale terms fixed by this association, it is very difficult to get a fair film rental from them as the contract provides all theatre expenses must be recovered before there is any film rental. They are extremely selective in their product and insist upon a 25% rejection clause in all their contracts, which they take full advantage of.

In New Zealand, there are, also, two circuits, namely, the Amalgamated and Kerridge. Kerridge operates independently and will buy pictures from anyone but as his circuit is much smaller than Amalgamated, only the smaller companies do business with him. He buys a great many of his pictures in America and England, outright.

Amalgamated, which is affiliated with Hoyts and is also 75% controlled by Fox, operates in the same manner as this circuit in Australia. However, the type of pictures popular in New Zealand is often quite different from those which are successful in Australia as the people are completely different types. The picture which is very successful in Australia may be a complete failure in New Zealand. Notwithstanding these adverse conditions, our organization there has been able to increase their played and earned 37% in Australia, and 18% in New Zealand, and have reduced their losses from $41,000 to $7,000.

We are now in the midst of negotiations with Amalgamated in New Zealand for a new contract and our future operations there will depend upon the result of these negotiations.

In Australia, they have been gradually decreasing their losses during the past few months and there is reason to believe they will soon be eliminated.

SOUTH AFRICA

Prior to 1939, South Africa was an absolute monopoly in the hands of what is known as the Schlesinger Group. This company bought outright practically all the pictures made in America, England and Europe and, for many years, would never permit anyone to operate in the country.

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(SOUTH AFRICA-continued)

In 1938, Fox and United Artists were unable to make a satisfactory deal with them and these two companies decided to attempt to create an opposition circuit of theatres throughout the country. This was successfully done during 1939, '40, and '41. First-run theatres were promoted in all key cities and, by 1944, a circuit of 65 theatres was in operation, supplied by Fox and United Artists, and the results were extremely satisfactory, far better than we had ever received from Schlesinger. Fox acquired a 50% interest in most of the firstrun theatres. United Artists did not take advantage of this opportunity to acquire any financial interest in the theatres. These theatres were built principally by local capital and partially guaranteed by 10- and 15-year franchises made with Fox and United Artists.

As the contract with the United Artists producers generally cover a period of five years, United Artists was unable to sign 10- or 15-year contracts; so that, 20th Century-Fox signed long-term contracts in the key cities and assigned 20% of the playing time to U.A. Throughout the rest of the country, in the subsequent-run houses and the smaller situations, United Artists made its own deals of from one to five years.

There was never any legal agreement made between Fox and United Artists. Their association was under a gentlemen's agreement, made between 20th Century-Fox and United Artists. However, this agreement was a written memorandum only and was never signed by either party.

During the first five or six years of this agreement, the 20% playing time of United Artists pictures did for the theatres approximately the same played business that the Fox pictures did with their 40% of playing time. Then the product of United Artists began to depreciate and both Fox and exhibitors began to complain about the quality of product we delivered. This dissension gradually increased, until in 1948, Fox notified UnitedArtists that the association must terminate, at which time, they signed an agreement with R.K.O., whose product was to replace United Artists' throughout the territory.

We used every legal means to prevent this action on the part of Fox but, due to the fact that there was no signed agreement between Fox and United Artists, and because 20th Century-Fox had signed contracts for 52 weeks' playing time in the key cities, we lost the case and were thrown out of all of these theatres. This terminated in September, 1949.

At this time, there were building restrictions in effect and it was not possible to either build or convert old buildings into theatres. We were confident that none of the exhibitors under contract with us would desert us, excepting those which were obliged to do so by reason of their contract with Fox. These theatres were first-runs in Johannesburg, Capetown, East London, Port Elizabeth, Durban and Pretoria, and represent 70% of the gross throughout the country.

We continued for a time to release pictures in subsequent-run or suburban houses and, immediately, started to lose money. In an attempt to continue, we bought 25 pictures from Monogram and Allied Artists, at a flat price, some of which were to be used as fillers and the Allied Artists pictures to replace our larger product, which we intended to hold for a later release when theatres could be established.

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(SOUTH AFRICA-continued)

A deal was made in August, 1949, with Max Jaffe and Charles Miller, to build drive-in theatres, which were to be operated simultaneously with the suburban theatres we were using for first-run. Miller and Jaffe, eventually, got permission to build a small theatre in Durban and another in Johannesburg. Under this agreement, they were also given the right to build large first-run theatres as soon as building permits could be obtained. They have signed contracts for equipment in car speakers and other material for their drive-ins and are ready to go ahead with their plans as soon as United Artists can assure them that they will have an adequate supply of product. In the meantime, in an attempt to remain in the territory, our office is showing continual losses which are being increased each month.

ARGENTINA

In the Argentine, the government stopped importation of all American pictures early in 1949 and, for almost two years, there have been no American pictures imported into this country. The Motion Picture Association have been negotiating with the government for a settlement but, to date, have arrived at no equitable solution. Our Buenos Aires Manager, Mr. Suarez, discovered that, by increasing the capital of our Argentina subsidiary from $1,000 to $20,000, we would be permitted to import pictures to the value of $20,000. This arrangement was made with the government and United Artists was able to import 17 pictures which were the only American pictures imported into the Argentine this year. After our deal was concluded, other companies attempted to do the same thing, but the government refused this application to any of the other companies as they had, evidently, discovered they had made a mistake.

As a result of this maneuver, our Argentine subsidiary now shows a profit of $45,500 as compared to a loss of $40,000 at the end of 1949. If a settlement is reached between the Association and the Argentine Government, we will show a much larger profit for 1951, but, regardless of whether anymore pictures are shipped, we will wind up with a small profit.

CHILE

Our Chilean subsidiary now shows a profit of $1,500 as compared to a loss of $24,000 at the end of 1949. This is a result of a special publicity campaign and energetic effort on the part of Mr. Binder and his staff.

The Played and Earned business was increased by over 100% and they released eight more pictures in 1950 than in 1949.

A few days ago, we received news from Chile that the quota has been eliminated and unrestricted importation is now in effect here. This will mean, in future, we will be able to import more pictures and remit more dollars than in the past.

BRAZIL

In Brazil, at the end of 1949, we had a loss of $83,000. This has been reduced by, approximately, 50% during 1950 and the loss now stands at $41,000. The reason

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(BRAZIL-continued)

for the losses in Brazil were because the release theatres in the key cities are controlled by a monopoly. The Ribeiro Circuit in Rio controls about 60% of the theatres in this city. In Sao Paulo, the next largest city in the country, there are three circuits controlled by three different organizations, and the foreign product is divided among these three.

During the early part of the year, we were forced out of the Ribeiro Circuit because of inferior quality of our pictures. The same thing happened about the middle of the year in Sao Paulo for the same reason. So that we had to depend upon the release in inferior indppendent theatres.

Mr. Baez, our Manager, was able to secure playing time in Rio after a difficult battle with the Ribeiro people and they have, since that time, been giving us one to three dates per month.

In Sao Paulo, he has created a fourth circuit with the Lucideo Circuit. Mr. Lucideo was a former partner in the Paulista Circuit, whom Mr. Baez persuaded to break away and build a circuit of his own. During 1950, he converted three old buildings into first runs in Sao Paulo and has taken over a magnificent theatre called, "Marrocos", with over 2,000 seats and one of the finest theatres in Latin America. We have signed a contract for five years with this theatre, with an option to continue an additional five years and have agreed to supply 36 pictures per year in the Lucideo Circuit, at least 12 of which are to play in the "Marrocos", others in the "Oasis".

The "Oasis" opened last month and the "Marrocos" will be inaugurated about the end of January. When these theatres are opened, we expect to wipe off the balance of the loss and show a profit within a very short period.

We have on hand for release in these houses such dynamite as: CITY LIGHTS, LOVE HAPPY, THE MEN, CHAMPION, AFRICA SCREAMS, BLACK MAGIC, HOME OF THE BRAVE and SO YOUNG, SO BAD, in addition to 20 other pictures unreleased.

Mr. Baez will have completed 30 years' service with United Artists in 1951, 25 years of which have been spent in Brazil. He will start, in January, with a special anniversary drive, which is to continue throughout the year of 1951, and dedicated to Mr. Baez. There are contest awards for the best results shown to be given to the various branches, of which there are ten. Quotas have been established for each of the branches and this drive, especially with the available product in the territory, should result, at the end of 1951, in a profit of not less than $50,000.

C U B A

At the end of 1949, this branch showed a loss of $25,000 as compared to a profit of $12,500 this year. This is primarily due to the remarkable feat of Mr. Weiner, our Manager, in closing a deal with the world's largest theatre. This theatre, completed early this year, is called the "Blanquita" and has about 600 seats more than the "Radio City Music Hall", in New York. Mr. Weiner happens to be a friend of the builder of this theatre and persuaded him not only to build it, but to acquire four other first-run theatres in Havana. He has made a long-term deal with

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(CUBA-continued)

this circuit on a 50% basis and as the "Blanquita" is not in the center of the city the pictures play day-and-date with one or more of his other theatres in the center of town. As a result of this deal, there is no reason why Cuba should not continue indefinitely to show a substantial profit.

MEXICO

Prior to March, 1948, United Artists had its own subsidiary in Mexico City but, because of the excessive increase in expenses and the almost complete control of the business by the local unions, it was decided to sell this company to a group of Mexican businessmen. The shares in the company were sold to Credito Cinematografico. The shares were sold for Ps.50,000, 30,000 of which was used as severance pay to our manager.

It was agreed that this company would take all of our pictures and distribute them under the same conditions as we had been doing, plus a 10% commission for United Artists.

Shortly after they took over, one of their members absconded with a large portion of their cash, and the others seemed to take no interest in the business. We had no money or reports from them for several months. Upon investigation, it was found that these gentlemen had abandoned the company to the union and the employees, who took over the company in lieu of salaries and later secured a court order, giving them complete control, as well as custody of all prints on hand.

The management then entered into an agreement with a local distributing company called, Mier y Brooks, for the distribution of our product which was not in the hands of the union. In addition to this, 12 pictures were sold outright at a fixed price to a company, Peliculas Selectas, S.A., represented by Mr. Alan Rudolph. So that, we had three different people handling our product at the same time. However, the union group, operating our original company, refused to report to us or to turn over any prints or property belonging to us.

We were represented in Mexico by a lawyer named M. Cardenas, who advised us that it would not be practical to enter suit against this union for the reason that it would almost be impossible to get the case to trial. It was also understood that Mier and Brooks would be able to assist us in recovering our property in which case, it was to be turned over to them for distribution. This, also, was a failure and Mier and Brooks not only were unable to be of any help to us, but, so far, have released only a few of our pictures and have not lived up fully to their contract.

The Rudolph outright-sale deal was made in the latter part of 1949. In this agreement, they were to take two pictures monthly and the contract was to be completed in six months, or by the middle of 1950. They have also run into difficulties and have not been able to live up to their contract, having taken only 5 pictures to date.

In October last, we decided to send Mr. George Kallman to Mexico, with instructions to first attempt to settle this matter with the union and to see that both Mier and Brooks and Rudolph completed their contracts. Mr. Kallman has done a

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(MEXICO-continued)

remarkable job and has succeeded in recovering all of our property through an amicable financial arrangement with the union without recourse to the law. There are still a few pictures circulating throughout the country which he is collecting and, within a few more days, he will have recovered all prints, furniture, and equipment left by Credito Cinematografico.

The settlement that Mr. Kallman arranged with the Credito Cinematografico was on the basis of approximately 80,000 Mexican Pesos, or $10,000, half of which was paid by us and the other half by Mier and Brooks in consideration of which, Mier and Brooks took over the prints recovered for distribution through their own organization.

Mr. Kallman will remain in Mexico for the present and will now supervise and assist Mier and Brooks in the sale of our pictures and attempt to have Rudolph complete his contract. He is, also, arranging with Mier and Brooks, who are Mexican producers, for the distribution of 10 of their Mexican pictures by us in Brazil and Chile. We feel sure that Mr. Kallman will be able to get this situation straightened out in the very near future and recover all the losses we have sustained there.

It is our intention, also, if our Legal Department considers it advisable, to enter suit against Credito Cinematografico for the damages caused to us, amounting to over Ps.200,000.

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SCHEDULE "A"

CABLE REPORT - 12 Months to November, 1950

COUNTRIES	P & E	CORP. SHARE & OTHER INCOME	TOTAL EXP.	PROFIT OR LOSS
ENGLAND	$1,919,281	$476,307	$415,687	$160,620
FRANCE	652,011	207,459	197,264	10,195
BELGIUM & LUX.	201,554	74,304	56,252	18,052
SWITZERLAND	49,746	16,195	32,916	16,721 —
SWEDEN	72,848	24,034	30,236	6,202 —
DENMARK	16,313	8,897	18,819	9,922 —
HOLLAND (10/28)	54,068	20,726	16,723	4,003
EGYPT	55,696	15,237	11,437	3,800
AUSTRALIA	299,923	112,261	114,773	2,512 —
NEW ZEALAND	59,238	21,782	26,718	4,936 —
PHILIPPINE IS.	143,898	58,682	36,175	22,507
HONG KONG	80,000	30,541	11,548	18,993
STS. SETTLEMENTS	61,400	25,307	27,781	2,474 —
SOUTH AFRICA	75,614	24,764	38,158	13,394 (Note #1) —
INDIA	80,054	22,826	27,056	4,230 —
ARGENTINE	251,903	125,930	80,413	45,517
URUGUAY	67,804	30,869	21,050	9,819
PARAGUAY (10/28)	480	240	-o-	240
CHILE	208,300	96,600	95,200	1,400
BRAZIL	440,672	200,430	241,474	41,044 —
CRISTOBAL	229,800	101,768	97,282	4,486
PERU	39,894	17,638	18,681	1,043 —
COLOMBIA	70,478	32,103	31,565	538
MEXICO (9/30)	3,905	1,414	1,216	198 (Note #2)
CUBA	186,867	72,791	60,301	12,490
PUERTO RICO	55,168	21,137	25,586	4,449 —
AGENTS & O.S.	730,400	194,700	124,184	70,516
NEW YORK EXPENSES	See Schedule 1A		268,000	
Total - 1950 -	$6,107,345	$2,134,942	$2,126,495	$ 8,447 - Profit
Total - 1949 -	$6,141,100	$2,127,200	$2,398,100	$ 270,900 - Loss —

Year-end Adjustments

(1) SOUTH AFRICA - Annual write-off of estimated unrecouped investment in 1947 on Producers Releasing Corp. (P.R.C.) pictures and investment in Monogram and Allied Artists Pictures in 1948. $ 14,000 —

Net Loss: $ 5,553 —

NOTE:

(2) MEXICO - Ps.80,000 - Cost of Settlement Agreement with Union in Mexico to recover prints distributed by former Agency.
U.A. Share - 50% - Ps.40,000:- $4,500.—

BREAKDOWN OF NEW YORK EXPENSES

SCHEDULE 1-A

	1950	1949	DIFFERENCE
Salary Administration	$ 127,368	$ 160,813	$ 33,445 —
Rent	225	1,044	819 —
Travelling	7,418	12,149	4,731 —
Stationery & Printing	3,342	2,108	1,234
Telephone & Telegraph	6,244	6,615	371 —
Postage	13	66	53 —
Freight & Cartage	622	1,516	894 —
Miscellaneous	7,106	7,536	430 —
Attorney Fees	1,692	5,190	3,498 —
Group Life Insurance	2,343	2,287	56
Other Insurance	10,282	8,675	1,607
Publicity	4,335	10,550	6,215 —
Salary Accounting	74,952	73,375	1,577
Screening	37	202	165 —
Uncollectable Accounts	-	-	-
Salary Adv. & Pub.	21,982	22,506	524 —
	$ 267,961	$ 314,632	$ 46,671 —

SCHEDULE "B"

MONTHLY BUSINESS FIGURES

FISCAL YEAR 1950 - Ending 12/2/50

1950	No. Weeks	P & L	CORP. SHARE AND OTHER INCOME	TOTAL EXPENSES	PROFIT OR LOSS	N.Y. EXPENSES	NET PROFIT OR LOSS
Dec. ('49)	5)						
January	4)	$926,400	$316,200	$316,900	$ 700 -	$50,900	$51,600 -
February	5	586,500	189,700	162,000	27,700	23,100	4,600
March	4	507,100	173,500	158,600	14,900	22,200	7,300 -
April	4	398,600	131,400	134,300	2,900 -	23,100	26,000 -
May	5	576,700	197,400	162,800	34,600	21,700	12,900
June	4	458,000	157,100	138,900	18,200	18,800	600 -
July	4	638,100	218,200	184,000	34,200	21,100	13,100
August	5	635,200	244,300	168,800	75,500	20,200	55,300
September	4	416,300	158,500	138,000	20,500	19,500	1,000
October	4	465,200	169,900	145,600	24,300	22,500	1,800
November	5	499,200	178,700	148,600	30,100	24,900	5,200
		$6,107,300	$2,134,900	$1,858,500	$276,400	$268,000	$ 8,400

SCHEDULE "C"

PICTURES SHIPPED - 1942

		ENGLISH	SPANISH
1.	JUST WILLIAM'S LUCK	January	May
2.	NO ORCHIDS FOR MISS BLANDISH	January	October
3.	THE LUCKY STIFF	January	March
4.	GIRL FROM MANHATTAN	January	February
5.	DON'T TRUST YOUR HUSBAND	January	March
6.	COVER UP	January	May
7.	TIME OF YOUR LIFE	February	February
8.	CHAMPION	March	June
9.	SIREN OF ATLANTIS	March	June
10.	IMPACT	March	May
11.	JIGSAW	March	June
12.	THE CROOKED WAY	April	July
13.	OUTPOST IN MOROCCO	April	June
14.	TOO LATE FOR TEARS	April	July
15.	AFRICA SCREAMS	May	June
16.	BLACK MAGIC	May	August
17.	HOME OF THE BRAVE	May	September
18.	GAY AMIGO	June	September
19.	THE GREAT DAN PATCH	June	August
20.	DARING CABALLERO	July	July
21.	THE BIG WHEEL	September	December
22.	INDIAN SCOUT	September	November
23.	RED LIGHT	September	December
24.	WITHOUT HONOR	October	December
25.	SATAN'S CRADLE	November	December

SCHEDULE "B"

PICTURES SHIPPED - 1950

		ENGLISH	SPANISH
1.	CALL OF THE BLOOD	November, 1949	February
2.	A KISS FOR CORLISS	November, 1949	March
3.	MRS. MIKE	November, 1949	March
4.	QUICKSAND	November, 1949	February
5.	DEADLY IS THE FEMALE	December, 1949	April
6.	D.O.A.	January, 1950	April
7.	JOHNNY HOLIDAY	January	May
8.	ADVENTURES OF DON COYOTE	February	March
9.	CAMPAGNE FOR CAESAR	March	July
10.	GIRL FROM SAN LORENZO	March	- - -
11.	IROQUOIS TRAIL	March	May
12.	JOHNNY ONE-EYE	March	August
13.	SO YOUNG, SO BAD	March	August
14.	CITY LIGHTS	April	August
15.	ELLEN	April	December
16.	THE MEN	April	August
17.	THE ADMIRAL WAS A LADY	May	September
18.	ONCE A THIEF	June	October
19.	LOVE HAPPY	June	October
20.	THE UNDERWORLD STORY	August	November

1/5/51

TELEVISION

	43 Weeks Ending 10/28/50	5 Weeks Ending 12/2/50	Total 48 Weeks
Gross Played & Earned	$153,588.77	$36,717.62	$190,306.39
Prod.Share-Played & Earned	119,413.34	26,443.03	145,856.37
Corp. Share- " " "	34,175.43 (22.25%)	10,274.59 (27.98%)	44,450.02(23.36%)
Less:			
Television Dept.Expenses	47,127.03	5,762.83	52,889.86
Corp.Share-Prints, Duties, Etc.	329.10 —	427.97	98.87
Total Direct Expenses	46,797.93	6,190.80	52,988.73
Profit or Loss	$ 12,622.80 —	$ 4,083.79	$ 8,539.71 —

The above figures contain no charges for overhead expenses such as: Social Security Taxes, Compensation Insurance, Rent, Electricity, Accounting, Legal and Supervision.

Recap by week of Gross Played and Earned W/E 12/2/50

	Gross
W/e 11/4	$ 7,819.81
11/11	6,939.25
11/18	7,899.40
11/25	6,389.25
12/2	7,669.91
	$36,717.62

Gross Played and Earned for the first two weeks of December

W/E 12/9	$ 6,831.75
12/16	7,417.30

Krim EXHIBIT 6 for id
DATE 7/31/5
H. R.

MINUTES OF A MEETING

OF THE BOARD OF DIRECTORS OF

UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the Home Office, 729 Seventh Avenue, New York City, on January 15th, 1951, at 4 P. M.

On January 12th, 1951, the following telegram was sent to the Directors - Messrs. McNutt, McNamee, Kravetz, O. B. Gooding, and Miss Lois A Watt:

"A MEETING OF THE BOARD OF DIRECTORS OF THE UNITED ARTISTS CORPORATION WILL BE HELD IN THE BOARD ROOM OF THE COMPANY 729 SEVENTH AVENUE NEW YORK AT FOUR P. M. MONDAY JANUARY FIFTEENTH PLEASE ARRANGE TO BE PRESENT

PAUL V. MCNUTT
CHAIRMAN OF THE BOARD"

The resignations of four of the Directors had previously been received:

John O'Melveny	as of	July 12th, 1950
Clinton La Tourette	as of	July 12th, 1950
Elizabeth Lewis	as of	December 5th, 1950
Isabel Mann	as of	September 15th, 1950.

A majority of the Directors remaining in office being present the meeting was declared open for the election of members to the Board of Directors to fill existing vacancies, which were four in number.

Mr. McNamee nominated Mr. C. J. Scollard and Mr. Paul O'Brien.

Mr. Kravetz nominated Miss Marian Bardos and Mr. H. J. Muller.

Mr. McNamee then made a motion that the nominations be closed, which was seconded and carried. All nominees were unanimously elected to the Board.

Mr. McNamee made a motion that the Directors be invited to attend the meeting.

The first order of business was the reading of the President's report by Mr. McNamee, such report to be made an official part of the minutes of the meeting. After the report was read Mr. Scollard made a motion of approval which Mr. O'Brien seconded, and the motion was carried.

Mr. Scollard made a motion to approve all actions of the Executive Committee, which was seconded and carried.

The renewal of the San Francisco Branch lease for a period of six years from December 1st, 1950 to November 30th, 1956 at $400 per month was approved in a motion by Mr. Muller, which was seconded and carried.

The contracts between United Artists Corporation and Photoplay Productions, Inc., dated December 15th, 1950, for ten pictures over a period of seven years, and between United Artists Corporation and U A Productions Corp. for ten pictures, and which do not obligate United Artists Corporation to contribute any money toward the production of these pictures, were approved in a motion made by Mr. Scollard, seconded and carried.

Mr. McNamee advised the Board that Stanley Kramer Productions, Inc. had requested three changes in their contract with United Artists Corporation -

(1) that United Artists Corporation return to Stanley Kramer Productions, Inc., the picture THE MEN which Mr. Schaefer could sell in Spain;

(2) that Stanley Kramer Productions, Inc., wanted a reduction from 42½% to 37½% distribution charged on dubbed prints in foreign territories;

(3) that Stanley Kramer Productions, Inc., wanted page 20 of the contract covering exploitation and cooperative advertising charges changed so that all five copies of the contract would be changed in accordance with the copy in Kramer's possession.

The Board was advised that the United Artists contract concerning the sale of THE MEN in Spain provided that United Artists was entitled to a percentage accruing from any sale made by the producer's representative or United Artists. The Board was also advised that the 42½% dubbing charge was not an isolated case as was originally claimed by Stanley Kramer Productions, Inc., but these same terms prevail in other contracts. The Board was further advised that the fact that the contract in Kramer's possession which contained a different page 20 was attributable to the fact that this had inadvertently not been changed at the time all copies of the contract were signed, and at which time all other four copies were changed. The Board declined to take any action which would change the contract.

Mr. O'Brien drew the attention of the Board to the fact that Selznick has attached $109,000, a large part of the claim being the amount United Artists has withheld pending settlement of a tax in India.

Mr. O'Brien also mentioned the Hughes suit, and there was a discussion as to whether or not United Artists can offset the money owed by California Productions against the money United Artists owes the Hughes Tool Company.

Mr. O'Brien mentioned also the claim of Arnold Productions for $13,000.

Mr. McNamee recommended that at some time an experienced theatre auditor be appointed to check the records of the United Artists Theatre in San Francisco, and the Downtown Music Hall and the Hollywood Music Hall in Los Angeles, of which United Artists owns 25%.

Mr. McNamee reported that he had made demand upon producers who have pictures completed for more than twelve weeks to deliver their pictures and 238 positive copies forthwith, as specified in their contracts.

There being no further business to come before the meeting, upon motion duly made and seconded it was adjourned.

Max M. Kravetz

Max M. Kravetz, Secretary

Scanned from the United Artists collection at the Wisconsin Center for Film and Theater Research.

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